

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 542**  
95TH GENERAL ASSEMBLY

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Reported from the Committee on Governmental Accountability and Fiscal Oversight, April 2, 2009, with recommendation that the Senate Committee Substitute do pass.

2225S.02C

TERRY L. SPIELER, Secretary.

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**AN ACT**

To repeal sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, and 30.765, RSMo, and to enact in lieu thereof eight new sections relating to the state treasurer, with penalty provisions.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, 2 and 30.765, RSMo, are repealed and eight new sections enacted in lieu thereof, 3 to be known as sections 30.260, 30.270, 30.750, 30.753, 30.756, 30.758, 30.760, 4 and 30.765, to read as follows:

30.260. 1. The state treasurer shall prepare, maintain and adhere to a 2 written investment policy which shall include an asset allocation plan which 3 limits the total amount of state moneys which may be invested in any particular 4 investment authorized by section 15, article IV of the Missouri 5 Constitution. **Such asset allocation plan shall also set diversification 6 limits, as applicable, which shall include a restriction limiting the total 7 amount of time deposits of state moneys, not including linked deposits, 8 placed with any one single banking institution to be no greater than 9 ten percent of all time deposits of state moneys.** The state treasurer shall 10 present a copy of such policy to the governor, commissioner of administration, 11 state auditor and general assembly at the commencement of each regular session 12 of the general assembly or at any time the written investment policy is amended. 13 2. The state treasurer shall determine by the exercise of the treasurer's

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

14 best judgment the amount of state moneys that are not needed for current  
15 operating expenses of the state government and shall keep on demand deposit in  
16 banking institutions in this state selected by the treasurer and approved by the  
17 governor and state auditor the amount of state moneys which the treasurer has  
18 so determined are needed for current operating expenses of the state government  
19 and disburse the same as authorized by law.

20 3. Within the parameters of the state treasurer's written investment  
21 policy, the state treasurer shall place the state moneys which the treasurer has  
22 determined are not needed for current operations of the state government on time  
23 deposit drawing interest in banking institutions in this state selected by the  
24 treasurer and approved by the governor and the state auditor, or place them  
25 outright or, if applicable, by repurchase agreement in obligations described in  
26 section 15, article IV, Constitution of Missouri, as the treasurer in the exercise  
27 of the treasurer's best judgment determines to be in the best overall interest of  
28 the people of the state of Missouri, giving due consideration to:

29 (1) The preservation of such state moneys;

30 (2) The benefits to the economy and welfare of the people of Missouri  
31 when such state money is invested in banking institutions in this state that, in  
32 turn, provide additional loans and investments in the Missouri economy and  
33 generate state taxes from such initial investments and the loans and investments  
34 created by the banking institutions, compared to the removal or withholding from  
35 banking institutions in the state of all or some such state moneys and investing  
36 same in obligations authorized in section 15, article IV of the Missouri  
37 Constitution;

38 (3) The liquidity needs of the state;

39 (4) The aggregate return in earnings and taxes on the deposits and the  
40 investment to be derived therefrom; and

41 (5) All other factors which to the treasurer as a prudent state treasurer  
42 seem to be relevant to the general public welfare in the light of the circumstances  
43 at the time prevailing. The state treasurer may also place state moneys which  
44 are determined not needed for current operations of the state government in  
45 linked deposits as provided in sections 30.750 to 30.767.

46 4. Except for state moneys deposited in linked deposits as provided in  
47 sections 30.750 to [30.767] **30.860**, the rate of interest payable by all banking  
48 institutions on time deposits of state moneys shall be [the same as the average  
49 rate paid during the week next preceding the week in which the deposit was

50 made for United States of America treasury securities maturing and becoming  
51 payable closest to the time of termination of the deposit, as determined by the  
52 state treasurer, adjusted to the nearest one-tenth of a percent; except that] **set**  
53 **pursuant to subdivisions (1) to (7) of this subsection.** The rate shall never  
54 exceed the maximum rate of interest which by federal law or regulation a bank  
55 which is a member of the Federal Reserve System may from time to time pay on  
56 a time deposit of the same size and maturity.

57 **(1) Beginning January 1, 2010, the rate of interest payable by a**  
58 **banking institution on up to seven million dollars of time deposits of**  
59 **state moneys shall be the same as the average rate paid during the**  
60 **week next preceding the week in which the deposit was made for**  
61 **United States of America treasury securities maturing and becoming**  
62 **payable closest to the time of termination of the deposit, as determined**  
63 **by the state treasurer, adjusted to the nearest one-tenth of a percent.**  
64 **In the case of a banking institution that holds more than seven million**  
65 **dollars of time deposits of state moneys, the rate of interest payable on**  
66 **deposits in excess of seven million dollars of time deposits of state**  
67 **moneys shall be set at the market rate as determined in subdivision (7)**  
68 **of this subsection;**

69 **(2) Beginning January 1, 2011, the rate of interest payable by a**  
70 **banking institution on up to five million dollars of time deposits of**  
71 **state moneys shall be the same as the average rate paid during the**  
72 **week next preceding the week in which the deposit was made for**  
73 **United States of America treasury securities maturing and becoming**  
74 **payable closest to the time of termination of the deposit, as determined**  
75 **by the state treasurer, adjusted to the nearest one-tenth of a percent.**  
76 **In the case of a banking institution that holds more than five million**  
77 **dollars of time deposits of state moneys, the rate of interest payable on**  
78 **deposits in excess of five million dollars of time deposits of state**  
79 **moneys shall be set at the market rate as determined in subdivision (7)**  
80 **of this subsection;**

81 **(3) Beginning January 1, 2012, the rate of interest payable by a**  
82 **banking institution on up to three million dollars of time deposits of**  
83 **state moneys shall be the same as the average rate paid during the**  
84 **week next preceding the week in which the deposit was made for**  
85 **United States of America treasury securities maturing and becoming**  
86 **payable closest to the time of termination of the deposit, as determined**

87 by the state treasurer, adjusted to the nearest one-tenth of a percent.  
88 In the case of a banking institution that holds more than three million  
89 dollars of time deposits of state moneys, the rate of interest payable on  
90 deposits in excess of three million dollars of time deposits of state  
91 moneys shall be set at the market rate as determined in subdivision (7)  
92 of this subsection;

93 (4) Beginning January 1, 2013, the rate of interest payable by a  
94 banking institution on up to one million dollars of time deposits of  
95 state moneys shall be the same as the average rate paid during the  
96 week next preceding the week in which the deposit was made for  
97 United States of America treasury securities maturing and becoming  
98 payable closest to the time of termination of the deposit, as determined  
99 by the state treasurer, adjusted to the nearest one-tenth of a percent.  
100 In the case of a banking institution that holds more than one million  
101 dollars of time deposits of state moneys, the rate of interest payable on  
102 deposits in excess of one million dollars of time deposits of state  
103 moneys shall be set at the market rate as determined in subdivision (7)  
104 of this subsection;

105 (5) Beginning January 1, 2014, the rate of interest payable by a  
106 banking institution on all time deposits of state moneys shall be set at  
107 the market rate as determined in subdivision (7) of this subsection;

108 (6) Notwithstanding subdivisions (1) to (5) of this subsection, for  
109 any new time deposits of state moneys placed after January 1, 2010,  
110 with a term longer than eighteen months, the rate of interest payable  
111 by a banking institution shall be set at the market rate as determined  
112 in subdivision (7) of this subsection;

113 (7) "Market rate" shall be determined no less frequently than  
114 once a month by the director of investments in the office of state  
115 treasurer. The process for determining a market rate shall include due  
116 consideration of prevailing rates offered for certificates of deposit by  
117 well-capitalized Missouri financial institutions, the advance rate  
118 established by the Federal Home Loan Bank of Des Moines for member  
119 institutions and the costs of collateralization, as well as an evaluation  
120 of the credit risk associated with other authorized securities defined  
121 in Article IV, Section 15 of the State Constitution. Banking institutions  
122 may also offer a higher rate than the market rate for any time deposit  
123 placed with the state treasurer in excess of the total amount of state

124 **moneys set at the United States of America treasury securities**  
125 **maturing and becoming payable closest to the time of termination of**  
126 **the deposit indicated in subdivisions (1) to (5) of this subsection.**

127         5. Within the parameters of the state treasurer's written investment  
128 policy, the state treasurer may subscribe for or purchase outright or by  
129 repurchase agreement investments of the character described in subsection 3 of  
130 this section which the treasurer, in the exercise of the treasurer's best judgment,  
131 believes to be the best for investment of state moneys at the time and in payment  
132 therefor may withdraw moneys from any bank account, demand or time,  
133 maintained by the treasurer without having any supporting warrant of the  
134 commissioner of administration. The state treasurer may bid on subscriptions for  
135 such obligations in accordance with the treasurer's best judgment. The state  
136 treasurer shall provide for the safekeeping of all such obligations so acquired in  
137 the same manner that securities pledged to secure the repayment of state moneys  
138 deposited in banking institutions are kept by the treasurer pursuant to law. The  
139 state treasurer may hold any such obligation so acquired by the treasurer until  
140 its maturity or prior thereto may sell the same outright or by reverse repurchase  
141 agreement provided the state's security interest in the underlying security is  
142 perfected or temporarily exchange such obligation for cash or other authorized  
143 securities of at least equal market value with no maturity more than one year  
144 beyond the maturity of any of the traded obligations, for a negotiated fee as the  
145 treasurer, in the exercise of the treasurer's best judgment, deems necessary or  
146 advisable for the best interest of the people of the state of Missouri in the light  
147 of the circumstances at the time prevailing. The state treasurer may pay all costs  
148 and expenses reasonably incurred by the treasurer in connection with the  
149 subscription, purchase, sale, collection, safekeeping or delivery of all such  
150 obligations at any time acquired by the treasurer.

151         6. As used in this chapter, except as more particularly specified in section  
152 30.270, obligations of the United States shall include securities of the United  
153 States Treasury, and United States agencies or instrumentalities as described in  
154 section 15, article IV, Constitution of Missouri. The word "temporarily" as used  
155 in this section shall mean no more than six months.

30.270. 1. For the security of the moneys deposited by the state treasurer  
2 pursuant to the provisions of this chapter, the state treasurer shall, from time to  
3 time, submit a list of acceptable securities to be approved by the governor and  
4 state auditor if satisfactory to them, and the state treasurer shall require of the

5 selected and approved banks or financial institutions as security for the  
6 safekeeping and payment of deposits, securities from the list provided for in this  
7 section, which list shall include only securities of the following kind and  
8 character, unless it is determined by the state treasurer that the use of such  
9 securities as collateral may place state public funds at undue risk:

10 (1) Bonds or other obligations of the United States;

11 (2) Bonds or other obligations of the state of Missouri including revenue  
12 bonds issued by state agencies or by state authorities created by legislative  
13 enactment;

14 (3) Bonds **or other obligations** of any city in this state having a  
15 population of not less than two thousand;

16 (4) Bonds **or other obligations** of any county in this state;

17 (5) Approved registered bonds **or other obligations** of any school district  
18 **including certificates of participation and leasehold revenue bonds**,  
19 situated in this state;

20 (6) Approved registered bonds **or other obligations** of any special road  
21 district in this state;

22 (7) State bonds **or other obligations** of any state;

23 (8) Notes, bonds, debentures or other similar obligations issued by the  
24 farm credit banks or agricultural credit banks or any other obligations issued  
25 pursuant to the provisions of an act of the Congress of the United States known  
26 as the Farm Credit Act of 1971, and acts amendatory thereto;

27 (9) Bonds of the federal home loan banks;

28 (10) Any bonds or other obligations guaranteed as to payment of principal  
29 and interest by the government of the United States or any agency or  
30 instrumentality thereof;

31 (11) Bonds of any political subdivision established pursuant to the  
32 provisions of section 30, article VI of the Constitution of Missouri;

33 (12) Tax anticipation notes issued by any county of the first classification;

34 (13) A surety bond issued by an insurance company licensed pursuant to  
35 the laws of the state of Missouri whose claims-paying ability is rated in the  
36 highest category by at least one nationally recognized statistical rating  
37 agency. The face amount of such surety bond shall be at least equal to the  
38 portion of the deposit to be secured by the surety bond;

39 (14) An irrevocable standby letter of credit issued by a Federal Home  
40 Loan Bank possessing the highest rating issued by at least one nationally

41 recognized statistical rating agency;

42 (15) Out-of-state municipal bonds, **including certificates of**  
43 **participation and leasehold revenue bonds**, provided such bonds are rated  
44 in the highest category by at least one nationally recognized statistical rating  
45 agency;

46 (16) (a) Mortgage securities that are individual loans that include  
47 negotiable promissory notes and the first lien deeds of trust securing payment of  
48 such notes on one to four family real estate, on commercial real estate, or on farm  
49 real estate located in Missouri or states adjacent to Missouri, provided such  
50 loans:

51 a. Are underwritten to conform to standards established by the state  
52 treasurer, which are substantially similar to standards established by the Federal  
53 Home Loan Bank of Des Moines, Iowa, and any of its successors in interest that  
54 provide funding for financial institutions in Missouri;

55 b. Are offered by a financial institution in which a senior executive officer  
56 certifies under penalty of perjury that such loans are compliant with the  
57 requirements of the Federal Home Loan Bank of Des Moines, Iowa, when such  
58 loans are pledged by such bank;

59 c. Are offered by a financial institution that is well capitalized; and

60 d. Are not construction loans, are not more than ninety days delinquent,  
61 have not been classified as substandard, doubtful, or subject to loss, are one  
62 hundred percent owned by the financial institution, are otherwise unencumbered  
63 and are not being temporarily warehoused in the financial institution for sale to  
64 a third party.

65 Any disqualified mortgage securities shall be removed as collateral within ninety  
66 days of disqualification or the state treasurer may disqualify such collateral as  
67 collateral for state funds;

68 (b) The state treasurer may promulgate regulations and provide such  
69 other forms or agreements to ensure the state maintains a first priority position  
70 on the deeds of trust and otherwise protect and preserve state funds. Any rule  
71 or portion of a rule, as that term is defined in section 536.010, RSMo, that is  
72 created under the authority delegated in this section shall become effective only  
73 if it complies with and is subject to all of the provisions of chapter 536, RSMo,  
74 and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo,  
75 are nonseverable and if any of the powers vested with the general assembly  
76 pursuant to chapter 536, RSMo, to review, to delay the effective date, or to

77 disapprove and annul a rule are subsequently held unconstitutional, then the  
78 grant of rulemaking authority and any rule proposed or adopted after August 28,  
79 2005, shall be invalid and void;

80 (c) A status report on all such mortgage securities shall be provided to the  
81 state treasurer on a calendar monthly basis in the manner and format prescribed  
82 by the state treasurer by the financial institutions pledging such mortgage  
83 securities and also shall certify their compliance with subsection 2 for such  
84 mortgage securities;

85 (d) In the alternative to paragraph (a) of this subdivision, a financial  
86 institution may provide a blanket lien on all loans secured by one to four family  
87 real estate, all loans secured by commercial real estate, all loans secured by farm  
88 real estate, or any combination of these categories, provided the financial  
89 institution secures such blanket liens with real estate located in Missouri and  
90 states adjacent to Missouri and otherwise complies with paragraphs (b) and (c)  
91 of this subdivision;

92 (e) The provisions of paragraphs (a) to (d) of this subdivision are not  
93 authorized for any Missouri political subdivision, notwithstanding the provisions  
94 of chapter 110, RSMo, to the contrary;

95 (f) As used in this subdivision, the term "unencumbered" shall mean  
96 mortgage securities pledged for state funds as provided in subsection 1 of this  
97 section, and not subject to any other express claims by any third parties,  
98 including but not limited to a blanket lien on the bank assets by the Federal  
99 Home Loan Bank, a depository arrangement when securities are loaned and  
100 repurchased daily or otherwise, or the depository has pledged its stock and assets  
101 for a loan to purchase another depository or otherwise; and

102 (g) As used in this subdivision, the term "well capitalized" shall mean a  
103 banking institution that according to its most recent report of condition and  
104 income or thrift financial report, publicly available as applicable, qualifies as well  
105 capitalized under the uniform capital requirements established by the federal  
106 banking regulators or as determined by state banking regulators under  
107 substantially similar requirements;

108 (17) Any investment that the state treasurer may invest in as provided  
109 in article IV, section 15 of the Missouri Constitution, and subject to the state  
110 treasurer's written investment policy in section 30.260, that is not otherwise  
111 provided for in this section, provided the banking institution or eligible lending  
112 institution as defined in subdivision (7) of section 30.750 is well capitalized, as

113 defined in subdivision (16) of this subsection. The provisions of this subdivision  
114 are not authorized for political subdivisions, notwithstanding the provisions of  
115 chapter 110, RSMo, to the contrary.

116           2. Securities deposited shall be in an amount valued at market equal at  
117 least to one hundred percent of the aggregate amount on time deposit as well as  
118 on demand deposit with the particular financial institution less the amount, if  
119 any, which is insured either by the Federal Deposit Insurance Corporation or by  
120 the National Credit Unions Share Insurance Fund. Furthermore, for a  
121 well-capitalized banking institution, securities authorized in this section that are:

122           (1) Mortgage securities on loans secured on one to four family real estate  
123 appraised to reflect the market value at the time of the loan and deposited as  
124 collateral shall not exceed one hundred twenty-five percent of the aggregate  
125 amount of time deposits and demand deposits;

126           (2) Mortgage securities on loans secured on commercial real estate or on  
127 farm real estate appraised to reflect the market value at the time of the loan and  
128 deposited as collateral shall not exceed the collateral requirements of the Federal  
129 Home Loan Bank of Des Moines, Iowa;

130           (3) **[Other] U.S. Treasury securities and U.S. federal agency**  
131 **debentures issued by Fannie Mae, Freddie Mac, Federal Home Loan**  
132 **Bank, or Federal Farm Credit Bank** valued at market and deposited as  
133 collateral shall not exceed one hundred five percent of the aggregate amount of  
134 time deposits and demand deposits. **All other securities, except as noted**  
135 **elsewhere in this section of law, valued at market and deposited as**  
136 **collateral shall not exceed one hundred fifteen percent of the aggregate**  
137 **amount of the time deposits and demand deposits; and**

138           (4) Securities that are surety bonds and letters of credit authorized as  
139 collateral need only collateralize one hundred percent of the aggregate amount  
140 of time deposits and demand deposits.

141           3. The securities or book entry receipts shall be delivered to the state  
142 treasurer and receipted for by the state treasurer and retained by the treasurer  
143 or by financial institutions that the governor, state auditor and treasurer agree  
144 upon. The state treasurer shall from time to time inspect the securities and book  
145 entry receipts and see that they are actually held by the state treasury or by the  
146 financial institutions selected as the state depositories. The governor and the  
147 state auditor may inspect or request an accounting of the securities or book entry  
148 receipts, and if in any case, or at any time, the securities are not satisfactory

149 security for deposits made as provided by law, they may require additional  
150 security to be given that is satisfactory to them.

151           4. Any securities deposited pursuant to this section may from time to time  
152 be withdrawn and other securities described in the list provided for in subsection  
153 1 of this section may be substituted in lieu of the withdrawn securities with the  
154 consent of the treasurer; but a sufficient amount of securities to secure the  
155 deposits shall always be held by the treasury or in the selected depositories.

156           5. If a financial institution of deposit fails to pay a deposit, or any part  
157 thereof, pursuant to the terms of its contract with the state treasurer, the state  
158 treasurer shall forthwith convert the securities into money and disburse the same  
159 according to law.

160           6. Any financial institution making deposits of bonds with the state  
161 treasurer pursuant to the provisions of this chapter may cause the bonds to be  
162 endorsed or stamped as it deems proper, so as to show that they are deposited as  
163 collateral and are not transferable except upon the conditions of this chapter or  
164 upon the release by the state treasurer.

30.750. As used in sections 30.750 to 30.767, the following terms mean:

2           (1) "Eligible agribusiness", a person engaged in the processing or adding  
3 of value to agricultural products produced in Missouri;

4           (2) **"Eligible alternative energy consumer", an individual who**  
5 **wishes to borrow moneys for the purchase, installation, or construction**  
6 **of facilities or equipment related to the production of fuel or power**  
7 **primarily for his or her own use from energy sources other than fossil**  
8 **fuels, including, but not limited to, solar, hydroelectric, wind, and**  
9 **qualified biomass;**

10           (3) "Eligible alternative energy operation", a business enterprise engaged  
11 in the production [and sale] of fuel or power from energy sources other than fossil  
12 fuels, including but not limited to solar, hydroelectric, wind, and qualified  
13 biomass. Such business enterprise shall conform to the characteristics of  
14 paragraphs (a), (b), and (d) of subdivision [(5)] (6) of this section;

15           [(3)] (4) "Eligible beginning farmer",

16           (a) For any beginning farmer who seeks to participate in the linked  
17 deposit program alone, a farmer who:

18           a. Is a Missouri resident;

19           b. Wishes to borrow for a farm operation located in Missouri;

20           c. Is at least eighteen years old; and

21 d. In the preceding five years has not owned, either directly or indirectly,  
22 farm land greater than fifty percent of the average size farm in the county where  
23 the proposed farm operation is located or farm land with an appraised value  
24 greater than four hundred fifty thousand dollars.

25 A farmer who qualifies as an eligible farmer under this provision may utilize the  
26 proceeds of a linked deposit loan to purchase agricultural land, farm buildings,  
27 new and used farm equipment, livestock and working capital;

28 (b) For any beginning farmer who is participating in both the linked  
29 deposit program and the beginning farmer loan program administered by the  
30 Missouri agriculture and small business development authority, a farmer who:

31 a. Qualifies under the definition of a beginning farmer utilized for  
32 eligibility for federal tax-exempt financing, including the limitations on the use  
33 of loan proceeds; and

34 b. Meets all other requirements established by the Missouri agriculture  
35 and small business development authority;

36 [(4)] (5) "Eligible facility borrower", a borrower qualified under section  
37 30.860 to apply for a reduced-rate loan under sections 30.750 to 30.767;

38 [(5)] (6) "Eligible farming operation", any person engaged in farming in  
39 an authorized farm corporation, family farm, or family farm corporation as  
40 defined in section 350.010, RSMo, that has all of the following characteristics:

41 (a) Is headquartered in this state;

42 (b) Maintains offices, operating facilities, or farming operations and  
43 transacts business in this state;

44 (c) Employs less than ten employees;

45 (d) Is organized for profit;

46 [(e)] (e) Possesses not more than sixty percent equity, where "percent equity"  
47 is defined as total assets minus total liabilities divided by total assets, except  
48 that an otherwise eligible farming operation applying for a loan for the purpose  
49 of installing or improving a waste management practice in order to comply with  
50 environmental protection regulations shall be exempt from this eligibility  
51 requirement;]

52 [(6)] (7) "Eligible governmental entity", any political subdivision  
53 of the state or any other public entity in the state seeking to finance  
54 capital improvements, capital outlay, or other significant programs  
55 through an eligible lending institution;

56 (8) "Eligible higher education institution", any approved public or private

57 institution as defined in section 173.205, RSMo;

58        [(7)] (9) "Eligible job enhancement business", a new, existing, or  
59 expanding firm operating in Missouri, or as a condition of accepting the linked  
60 deposit, will locate a facility or office in Missouri associated with said linked  
61 deposit, which employs ten or more employees in Missouri on a yearly average  
62 and which, as nearly as possible, is able to establish or retain at least one job in  
63 Missouri for each fifty thousand dollars received from a linked deposit loan  
64 **except when the applicant can demonstrate significant costs for**  
65 **equipment, capital outlay, or capital improvements associated with the**  
66 **physical expansion, renovation, or modernization of a facility or**  
67 **equipment. In such cases, the maximum amount of the linked deposit**  
68 **shall not exceed fifty thousand dollars per job created or retained plus**  
69 **the initial cost of the physical expansion, renovation, or capital outlay;**

70        [(8)] (10) "Eligible lending institution", a financial institution that is  
71 eligible to make commercial or agricultural or student loans or discount or  
72 purchase such loans, is a public depository of state funds or obtains its funds  
73 through the issuance of obligations, either directly or through a related entity,  
74 eligible for the placement of state funds under the provisions of section 15, article  
75 IV, Constitution of Missouri, and agrees to participate in the linked deposit  
76 program;

77        [(9)] (11) "Eligible livestock operation", any person engaged in production  
78 of livestock or poultry in an authorized farm corporation, family farm, or family  
79 farm corporation as defined in section 350.010, RSMo;

80        [(10)] (12) "Eligible locally owned business", any person seeking to  
81 establish a new firm, partnership, cooperative company, or corporation that shall  
82 retain at least fifty-one percent ownership by residents in a county in which the  
83 business is headquartered, that consists of the following characteristics:

84        (a) The county has a median population of twelve thousand five hundred  
85 or less; and

86        (b) The median income of residents in the county are equal to or less than  
87 the state median income; or

88        (c) The unemployment rate of the county is equal to or greater than the  
89 state's unemployment rate;

90        [(11)] (13) "Eligible marketing enterprise", a business enterprise  
91 operating in this state which is in the process of marketing its goods, products or  
92 services within or outside of this state or overseas, which marketing is designed

93 to increase manufacturing, transportation, mining, communications, or other  
94 enterprises in this state, which has proposed its marketing plan and strategy to  
95 the department of economic development and which plan and strategy has been  
96 approved by the department for purposes of eligibility pursuant to sections 30.750  
97 to 30.767. Such business enterprise shall conform to the characteristics of  
98 paragraphs (a), (b) and (d) of subdivision [(5)] **(6)** of this section and also employ  
99 less than twenty-five employees;

100 [(12)] **(14)** "Eligible multitenant development enterprise", a new  
101 enterprise that develops multitenant space for targeted industries as determined  
102 by the department of economic development and approved by the department for  
103 the purposes of eligibility pursuant to sections 30.750 to 30.767;

104 [(13)] **(15)** "Eligible residential property developer", an individual who  
105 purchases and develops a residential structure of either two or four units, if such  
106 residential property developer uses and agrees to continue to use, for at least the  
107 five years immediately following the date of issuance of the linked deposit loan,  
108 one of the units as his principal residence or if such person's principal residence  
109 is located within one-half mile from the developed structure and such person  
110 agrees to maintain the principal residence within one-half mile of the developed  
111 structure for at least the five years immediately following the date of issuance of  
112 the linked deposit loan;

113 [(14)] **(16)** "Eligible residential property owner", a person, firm or  
114 corporation who purchases, develops or rehabilitates a multifamily residential  
115 structure;

116 [(15)] **(17)** "Eligible small business", a person engaged in an activity with  
117 the purpose of obtaining, directly or indirectly, a gain, benefit or advantage and  
118 which conforms to the characteristics of paragraphs (a), (b) and (d) of subdivision  
119 [(5)] **(6)** of this section, and also employs less than [twenty-five] **one hundred**  
120 employees;

121 [(16)] **(18)** "Eligible student borrower", any person attending, or the  
122 parent of a dependent undergraduate attending, an eligible higher education  
123 institution in Missouri who may or may not qualify for need-based student  
124 financial aid calculated by the federal analysis called Congressional Methodology  
125 Formula pursuant to 20 U.S.C. 1078, as amended (the Higher Education  
126 Amendments of 1986);

127 [(17)] **(19)** "Eligible water supply system", a water system which serves  
128 fewer than fifty thousand persons and which is owned and operated by:

129 (a) A public water supply district established pursuant to chapter 247,  
130 RSMo; or

131 (b) A municipality or other political subdivision; or

132 (c) A water corporation;

133 and which is certified by the department of natural resources in accordance with  
134 its rules and regulations to have suffered a significant decrease in its capacity to  
135 meet its service needs as a result of drought;

136 [(18)] (20) "Farming", using or cultivating land for the production of  
137 agricultural crops, livestock or livestock products, forest products, poultry or  
138 poultry products, milk or dairy products, or fruit or other horticultural products;

139 [(19)] (21) "Linked deposit", a certificate of deposit, or in the case of  
140 production credit associations, the subscription or purchase outright of obligations  
141 described in section 15, article IV, Constitution of Missouri, placed by the state  
142 treasurer with an eligible lending institution at rates otherwise provided by law  
143 in section 30.758, provided the institution agrees to lend the value of such  
144 deposit, according to the deposit agreement provided in sections 30.750 to 30.767,  
145 to **eligible multitenant development enterprises**, eligible small businesses,  
146 eligible alternative energy operations, **eligible alternative energy consumers**,  
147 eligible locally owned businesses, farming operations, eligible job enhancement  
148 businesses, eligible marketing enterprises, eligible residential property  
149 developers, eligible residential property owners, **eligible governmental**  
150 **entities**, eligible agribusinesses, eligible beginning farmers, eligible livestock  
151 operations, eligible student borrowers, eligible facility borrowers, or eligible water  
152 supply systems at below the present borrowing rate applicable to each  
153 **multitenant development enterprise**, small business, **alternative energy**  
154 **operation**, **alternative energy consumer**, farming operation, eligible job  
155 enhancement business, eligible marketing enterprise, eligible residential property  
156 developer, eligible residential property owner, **eligible governmental entity**,  
157 eligible agribusiness, eligible beginning farmer, eligible livestock operation,  
158 eligible student borrower, or supply system at the time of the deposit of state  
159 funds in the institution;

160 [(20)] (22) "Market rate", the interest rate [tied to federal government  
161 securities and] more specifically described in subsection 4 of section 30.260;

162 [(21)] (23) "Professional forester", any individual who holds a bachelor  
163 of science degree in forestry from a regionally accredited college or university  
164 with a minimum of two years of professional forest management experience;

165 [(22)] (24) "Qualified biomass", any agriculture-derived organic material  
166 or any wood-derived organic material harvested in accordance with a site-specific  
167 forest management plan focused on long-term forest sustainability developed by  
168 a professional forester and qualified, in consultation with the conservation  
169 commission, by the agriculture and small business development authority;

170 [(23)] (25) "Water corporation", as such term is defined in section  
171 386.020, RSMo;

172 [(24)] (26) "Water system", as such term is defined in section 386.020,  
173 RSMo.

30.753. 1. The state treasurer may invest in linked deposits; however, the  
2 total amount so deposited at any one time shall not exceed, in the aggregate,  
3 seven hundred twenty million dollars. No more than three hundred thirty million  
4 dollars of the aggregate deposit shall be used for linked deposits to eligible  
5 farming operations, eligible locally owned businesses, eligible agribusinesses,  
6 eligible beginning farmers, eligible livestock operations, and eligible facility  
7 borrowers, no more than one hundred ten million of the aggregate deposit shall  
8 be used for linked deposits to small businesses, no more than twenty million  
9 dollars shall be used for linked deposits to eligible multitenant development  
10 enterprises, and no more than twenty million dollars of the aggregate deposit  
11 shall be used for linked deposits to eligible residential property developers and  
12 eligible residential property owners, no more than two hundred twenty million  
13 dollars of the aggregate deposit shall be used for linked deposits to eligible job  
14 enhancement businesses and no more than twenty million dollars of the aggregate  
15 deposit shall be used for linked deposit loans to eligible water systems. Linked  
16 deposit loans may be made to eligible student borrowers [and], eligible  
17 alternative energy operations, **eligible alternative energy consumers, and**  
18 **eligible governmental entities** from the aggregate deposit. If demand for a  
19 particular type of linked deposit exceeds the initial allocation, and funds initially  
20 allocated to another type are available and not in demand, the state treasurer  
21 may commingle allocations among the types of linked deposits.

22 2. The minimum deposit to be made by the state treasurer to an eligible  
23 lending institution for eligible job enhancement business loans shall be ninety  
24 thousand dollars. Linked deposit loans for eligible job enhancement businesses  
25 may be made for the purposes of assisting with relocation expenses, working  
26 capital, interim construction, inventory, site development, machinery and  
27 equipment, or other expenses necessary to create or retain jobs in the recipient

28 firm.

30.756. 1. An eligible lending institution that desires to receive a linked  
2 deposit shall accept and review applications for linked deposit loans from eligible  
3 multitenant enterprises, eligible farming operations, eligible alternative energy  
4 operations, **eligible alternative energy consumers**, eligible locally owned  
5 businesses, eligible small businesses, eligible job enhancement businesses,  
6 eligible marketing enterprises, eligible agribusinesses, eligible beginning farmers,  
7 eligible livestock operations, eligible residential property developers, eligible  
8 residential property owners, **eligible governmental entities**, eligible student  
9 borrowers, eligible facility borrowers, and eligible water supply systems. An  
10 eligible residential property owner shall certify on his or her loan application that  
11 the reduced rate loan will be used exclusively to purchase, develop or rehabilitate  
12 a multifamily residential property. The lending institution shall apply all usual  
13 lending standards to determine the creditworthiness of each eligible multitenant  
14 enterprise, eligible farming operation, eligible alternative energy operation,  
15 **eligible alternative energy consumer**, eligible locally owned business, eligible  
16 small business, eligible job enhancement business, eligible marketing enterprise,  
17 eligible residential property developer, eligible residential property owner,  
18 **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
19 eligible livestock operation, eligible student borrower, eligible facility borrower,  
20 or eligible water supply system. No linked deposit loan made to any **eligible**  
21 **multitenant development enterprise**, eligible farming operation, eligible  
22 alternative energy operation, **eligible alternative energy consumer**, eligible  
23 locally owned business, eligible livestock operation, eligible agribusiness, **eligible**  
24 **beginning farmer**, **eligible job enhancement business**, **eligible**  
25 **marketing enterprise**, **eligible residential property developer**, **eligible**  
26 **residential property owner**, **eligible governmental entity**, **eligible**  
27 **student borrower**, **eligible water supply system**, or eligible small business  
28 shall exceed a dollar limit determined by the state treasurer in the state  
29 treasurer's best judgment, except as otherwise limited. Any link deposit loan  
30 made to an eligible facility borrower shall be in accordance with the loan amount  
31 and loan term requirements in section 30.860.

32 2. An eligible farming operation, small business or job enhancement  
33 business shall certify on its loan application that the reduced rate loan will be  
34 used exclusively for necessary production expenses or the expenses listed in  
35 subsection 2 of section 30.753 or the refinancing of an existing loan for production

36 expenses or the expenses listed in subsection 2 of section 30.753 of an eligible  
37 farming operation, small business or job enhancement business. Whoever  
38 knowingly makes a false statement concerning such application is guilty of a class  
39 A misdemeanor. An eligible water supply system shall certify on its loan  
40 application that the reduced rate loan shall be used exclusively to pay the costs  
41 of upgrading or repairing an existing water system, constructing a new water  
42 system, or making other capital improvements to a water system which are  
43 necessary to improve the service capacity of the system.

44 3. In considering which eligible farming operations should receive  
45 reduced-rate loans, the eligible lending institution shall give priority to those  
46 farming operations which have suffered reduced yields due to drought or other  
47 natural disasters and for which the receipt of a reduced-rate loan will make a  
48 significant contribution to the continued operation of the recipient farming  
49 operation.

50 4. The eligible financial institution shall forward to the state treasurer a  
51 linked deposit loan package, in the form and manner as prescribed by the state  
52 treasurer. The package shall include such information as required by the state  
53 treasurer, including the amount of each loan requested. The institution shall  
54 certify that each applicant is an **eligible multitenant development**  
55 **enterprise**, eligible farming operation, eligible alternative energy operation,  
56 **eligible alternative energy consumer**, eligible locally owned business, eligible  
57 small business, eligible job enhancement business, eligible marketing enterprise,  
58 eligible residential property developer, eligible residential property owner,  
59 **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
60 eligible livestock operation, eligible student borrower, eligible facility borrower,  
61 or eligible water supply system, and shall, for each **eligible mulitenant**  
62 **development enterprise**, eligible farming operation, **eligible alternative**  
63 **energy operation, eligible alternative energy consumer, eligible** small  
64 business, eligible job enhancement business, eligible marketing enterprise,  
65 eligible residential property developer, eligible residential property owner,  
66 **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
67 eligible livestock operation, eligible student borrower, eligible facility borrower,  
68 or eligible water supply system, certify the present borrowing rate applicable.

69 5. The eligible lending institution shall be responsible for determining if  
70 a student borrower is an eligible student borrower. A student borrower shall be  
71 eligible for an initial or renewal reduced-rate loan only if, at the time of the

72 application for the loan, the student is a citizen or permanent resident of the  
73 United States, a resident of the state of Missouri as defined by the coordinating  
74 board for higher education, is enrolled or has been accepted for enrollment in an  
75 eligible higher education institution, and establishes that the student has  
76 financial need. In considering which eligible student borrowers may receive  
77 reduced-rate loans, the eligible lending institution may give priority to those  
78 eligible student borrowers whose income, or whose family income, if the eligible  
79 student borrower is a dependent, is such that the eligible student borrower does  
80 not qualify for need-based student financial aid pursuant to 20 U.S.C. 1078, as  
81 amended (the Higher Education Amendments of 1986). The eligible lending  
82 institution shall require the eligible student borrower to document that the  
83 student has applied for and has obtained all need-based student financial aid for  
84 which the student is eligible prior to application for a reduced-rate loan pursuant  
85 to this section. In no case shall the combination of all financial aid awarded to  
86 any student in any particular enrollment period exceed the total cost of  
87 attendance at the institution in which the student is enrolled. No eligible lending  
88 institution shall charge any additional fees, including but not limited to an  
89 origination, service or insurance fee on any loan agreement under the provisions  
90 of sections 30.750 to 30.765.

91           6. The eligible lending institution making an initial loan to an eligible  
92 student borrower may make a renewal loan or loans to the student. The total of  
93 such reduced-rate loans from eligible lending institutions made pursuant to this  
94 section to any individual student shall not exceed the cumulative totals  
95 established by 20 U.S.C. 1078, as amended. An eligible student borrower shall  
96 certify on his or her loan application that the reduced rate loan shall be used  
97 exclusively to pay the costs of tuition, incidental fees, books and academic  
98 supplies, room and board and other fees directly related to enrollment in an  
99 eligible higher education institution. The eligible lending institution shall make  
100 the loan payable to the eligible student borrower and the eligible higher  
101 education institution as co-payees. The method of repayment of the loan shall be  
102 the same as for repayment of loans made pursuant to sections 173.095 to 173.186,  
103 RSMo.

104           7. Beginning August 28, 2005, in considering which eligible multitenant  
105 **development** enterprise, eligible farming operation, eligible alternative energy  
106 operation, **eligible alternative energy consumer**, eligible locally owned  
107 business, eligible small business, eligible job enhancement business, eligible

108 marketing enterprise, eligible residential property developer, eligible residential  
109 property owner, **eligible governmental entity**, eligible agribusiness, eligible  
110 beginning farmer, eligible livestock operation, eligible student borrower, eligible  
111 facility borrower, or eligible water supply system should receive reduced-rate  
112 loans, the eligible lending institution shall give priority to an eligible multitenant  
113 enterprise, eligible farming operation, eligible alternative energy operation,  
114 **eligible alternative energy consumer**, eligible locally owned business, eligible  
115 small business, eligible job enhancement business, eligible marketing enterprise,  
116 eligible residential property developer, eligible residential property owner,  
117 **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
118 eligible livestock operation, eligible student borrower, eligible facility borrower,  
119 or eligible water supply system that has not previously received a reduced-rate  
120 loan through the linked deposit program. However, nothing shall prohibit an  
121 eligible lending institution from making a reduced-rate loan to any entity that  
122 previously has received such a loan, if such entity otherwise qualifies for such a  
123 reduced-rate loan.

30.758. 1. The state treasurer may accept or reject a linked deposit loan  
2 package or any portion thereof.

3 2. The state treasurer shall make a good faith effort to ensure that the  
4 linked deposits are placed with eligible lending institutions to make linked  
5 deposit loans to minority- or female-owned eligible multitenant enterprises,  
6 eligible farming operations, eligible alternative energy operations, **eligible**  
7 **alternative energy consumers**, eligible locally owned businesses, eligible  
8 small businesses, eligible job enhancement businesses, eligible marketing  
9 enterprises, eligible residential property developers, eligible residential property  
10 owners, **eligible governmental entities**, eligible agribusinesses, eligible  
11 beginning farmers, eligible livestock operations, eligible student borrowers,  
12 eligible facility borrowers, or eligible water supply systems. Results of such effort  
13 shall be included in the linked deposit review committee's annual report to the  
14 governor.

15 3. Upon acceptance of the linked deposit loan package or any portion  
16 thereof, the state treasurer may place linked deposits with the eligible lending  
17 institution as follows: when market rates are five percent or above, the state  
18 treasurer shall reduce the market rate by up to three percentage points to obtain  
19 the linked deposit rate; when market rates are less than five percent, the state  
20 treasurer shall reduce the market rate by up to sixty percent to obtain the linked

21 deposit rate[, provided that the linked deposit rate is not below one percent]. All  
22 linked deposit rates are determined and calculated by the state treasurer. When  
23 necessary, the treasurer may place linked deposits prior to acceptance of a linked  
24 deposit loan package.

25 4. The eligible lending institution shall enter into a deposit agreement  
26 with the state treasurer, which shall include requirements necessary to carry out  
27 the purposes of sections 30.750 to 30.767. The deposit agreement shall specify  
28 the length of time for which the lending institution will lend funds upon receiving  
29 a linked deposit, and the original deposit plus renewals shall not exceed five  
30 years, except as otherwise provided in this chapter. The agreement shall also  
31 include provisions for the linked deposit of a linked deposit for an eligible facility  
32 borrower, eligible multitenant enterprise, eligible farming operation, eligible  
33 alternative energy operation, **eligible alternative energy consumer**, eligible  
34 locally owned business, eligible small business, eligible marketing enterprise,  
35 eligible residential property developer, eligible residential property owner,  
36 **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,  
37 eligible livestock operation, eligible student borrower or job enhancement  
38 business. Interest shall be paid at the times determined by the state treasurer.

39 5. The period of time for which such linked deposit is placed with an  
40 eligible lending institution shall be neither longer nor shorter than the period of  
41 time for which the linked deposit is used to provide loans at reduced interest  
42 rates. The agreement shall further provide that the state shall receive market  
43 interest rates on any linked deposit or any portion thereof for any period of time  
44 for which there is no corresponding linked deposit loan outstanding to an eligible  
45 multitenant enterprise, eligible farming operation, eligible alternative energy  
46 operation, **eligible alternative energy consumer**, eligible locally owned  
47 business, eligible small business, eligible job enhancement business, eligible  
48 marketing enterprise, eligible residential property developer, eligible residential  
49 property owner, **eligible governmental entity**, eligible agribusiness, eligible  
50 beginning farmer, eligible livestock operation, eligible student borrower, eligible  
51 facility borrower, or eligible water supply system, except as otherwise provided  
52 in this subsection. Within thirty days after the annual anniversary date of the  
53 linked deposit, the eligible lending institution shall repay the state treasurer any  
54 linked deposit principal received from borrowers in the previous yearly period and  
55 thereafter repay such principal within thirty days of the yearly anniversary date  
56 calculated separately for each linked deposit loan, and repaid at the linked

57 deposit rate. Such principal payment shall be accelerated when more than thirty  
58 percent of the linked deposit loan is repaid within a single monthly period. Any  
59 principal received and not repaid, up to the point of the thirty percent or more  
60 payment, shall be repaid within thirty days of that payment at the linked deposit  
61 rate. Finally, when the linked deposit is tied to a revolving line of credit  
62 agreement between the banking institution and its borrower, the full amount of  
63 the line of credit shall be excluded from the repayment provisions of this  
64 subsection.

30.760. 1. Upon the placement of a linked deposit with an eligible lending  
2 institution, such institution is required to lend such funds to each approved  
3 eligible multitenant enterprise, eligible farm operation, eligible alternative energy  
4 operation, **eligible alternative energy consumer**, eligible locally owned  
5 business, eligible small business, eligible job enhancement business, eligible  
6 marketing enterprise, eligible residential property developer, eligible residential  
7 property owner, **eligible governmental entity**, eligible agribusiness, eligible  
8 beginning farmer, eligible livestock operation, eligible student borrower, eligible  
9 facility borrower, or eligible water supply system listed in the linked deposit loan  
10 package required by section 30.756 and in accordance with the deposit agreement  
11 required by section 30.758. The loan shall be at a fixed rate of interest reduced  
12 by the amount established under subsection 3 of section 30.758 to each eligible  
13 multitenant enterprise, eligible farming operation, eligible alternative energy  
14 operation, **eligible alternative energy consumer**, eligible locally owned  
15 business, eligible small business, eligible job enhancement business, eligible  
16 marketing enterprise, eligible residential property developer, eligible residential  
17 property owner, **eligible governmental entity**, eligible agribusiness, eligible  
18 beginning farmer, eligible livestock operation, eligible student borrower, eligible  
19 facility borrower, or eligible water supply system as determined pursuant to rules  
20 and regulations promulgated by the state treasurer under the provisions of  
21 chapter 536, RSMo, including emergency rules issued pursuant to section  
22 536.025, RSMo. In addition, the loan agreement shall specify that the eligible  
23 multitenant enterprise, eligible farming operation, eligible alternative energy  
24 operation, **eligible alternative energy consumer**, eligible locally owned  
25 business, eligible small business, eligible job enhancement business, eligible  
26 marketing enterprise, eligible residential property developer, eligible residential  
27 property owner, **eligible governmental entity**, eligible agribusiness, eligible  
28 beginning farmer, eligible livestock operation, eligible student borrower, eligible

29 facility borrower, or eligible water supply system shall use the proceeds as  
30 required by sections 30.750 to 30.765, and that in the event the loan recipient  
31 does not use the proceeds in the manner prescribed by sections 30.750 to 30.765,  
32 the remaining proceeds shall be immediately returned to the lending institution  
33 and that any proceeds used by the loan recipient shall be repaid to the lending  
34 institution as soon as practicable. All records and documents pertaining to the  
35 programs established by sections 30.750 to 30.765 shall be segregated by the  
36 lending institution for ease of identification and examination. A certification of  
37 compliance with this section in the form and manner as prescribed by the state  
38 treasurer shall be required of the eligible lending institution. Any lender or  
39 lending officer of an eligible lending institution who knowingly violates the  
40 provisions of sections 30.750 to 30.765 is guilty of a class A misdemeanor.

41         2. The state treasurer shall take any and all steps necessary to implement  
42 the linked deposit program and monitor compliance of eligible multitenant  
43 enterprises, eligible lending institutions, eligible farming operations, eligible  
44 alternative energy operations, **eligible alternative energy consumers**, eligible  
45 locally owned businesses, eligible small businesses, eligible job enhancement  
46 businesses, eligible marketing enterprises, eligible residential property  
47 developers, eligible residential property owners, **eligible governmental**  
48 **entities**, eligible agribusinesses, eligible beginning farmers, eligible livestock  
49 operations, eligible facility borrowers, or eligible water supply systems.

       30.765. The state and the state treasurer are not liable to any eligible  
2 lending institution in any manner for payment of the principal or interest on the  
3 loan to an eligible multitenant enterprise, eligible farm operation, eligible  
4 alternative energy operation, **eligible alternative energy consumer**, eligible  
5 locally owned business, eligible small business, eligible job enhancement business,  
6 eligible marketing enterprise, eligible residential property developer, eligible  
7 residential property owner, **eligible governmental entity**, eligible  
8 agribusiness, eligible beginning farmer, eligible livestock operation, eligible  
9 student borrower, eligible facility borrower, or eligible water supply system. Any  
10 delay in payments or default on the part of an eligible multitenant enterprise,  
11 eligible farming operation, eligible alternative energy operation, **eligible**  
12 **alternative energy consumer**, eligible locally owned business, eligible small  
13 business, eligible job enhancement business, eligible marketing enterprise,  
14 eligible residential property developer, eligible residential property owner,  
15 **eligible governmental entity**, eligible agribusiness, eligible beginning farmer,

16 eligible livestock operation, eligible student borrower, eligible facility borrower,  
17 or eligible water supply system does not in any manner affect the deposit  
18 agreement between the eligible lending institution and the state treasurer.

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